

§ 131E-298. Protection against insolvency.

(a) The Division shall require deposits in accordance with the provisions of G.S. 131E-285.

(b) If a provider sponsored organization fails to comply with the net worth requirements of G.S. 131E-286, the Division may take appropriate action to assure that the continued operation of the provider sponsored organization will not be hazardous to the beneficiaries enrolled with the PSO.

(c) Every provider sponsored organization shall have and maintain at all times an adequate plan for protection against insolvency acceptable to the Division. In determining the adequacy of such a plan, the Division shall consider:

- (1) A reinsurance agreement preapproved by the Division covering excess loss, stop-loss, or catastrophies. The agreement shall provide that the Division will be notified no less than 60 days prior to cancellation or reduction of coverage;
- (2) A conversion policy or policies that will be offered by an insurer to the beneficiaries in the event of the provider sponsored organization's insolvency;
- (3) Legally binding unconditional guaranties by adequately capitalized sponsoring provider or adequately capitalized sponsoring corporations of sponsoring providers;
- (4) Legally binding obligations of sponsoring providers to forego payment for items or services provided by the sponsoring provider in order to avoid the financial insolvency of the PSO;
- (5) Legally binding obligations of sponsoring providers or parents of sponsoring providers to make capital infusions to the PSO; and
- (6) Any other arrangements offering protection against insolvency that the Division may require. (1998-227, s. 1.)